

Interview with Setsuro Nakashima, Director of Japan Inbound Business Marketing, Japan Inbound Business Department Group Headquarters, JTB Corp.

JTB Corp. Striving to Create Perfect Moments for Inbound Tourists

By Japan SPOTLIGHT

Against the background of the increase in inbound tourists to Japan, how is the Japanese tourism business changing its strategies? The tourism business certainly plays a key role in creating an environment where significantly increasing numbers of visitors to Japan from all over the world can enjoy themselves, as well as DMOs (Destination Management Organizations), MICE (Meeting, Incentive, Convention & Exhibition/Event) ambassadors, and the Tokyo Metropolitan Government, among others.

JTB Corp., a representative of the Japanese tourism business, was started as the Japan Tourist Bureau that was founded in 1912, and later worked to help Jewish refugees persecuted by Nazi Germany travel via Japan to escape to other parts of the world. There were around 6,000 Jews to whom Japanese diplomat Chiune Sugihara at the Japanese Consulate in Lithuania provided visas to Japan without obtaining approval from the Japanese Ministry of Foreign Affairs at the time. It is now named JTB Corp. and Setsuro Nakashima, the director of Japan Inbound Business Marketing, talked to us about the company's recent inbound business.

(Interviewed on July 19, 2017)

Introduction

JS: Could you briefly introduce yourself, and tell us in particular about your link with your company's inbound business?

Nakashima: Since I joined JTB, I have been stationed overseas twice and spent a total of 11 years overseas. I have been stationed in Sydney both times. When I was there the first time in 1994, Australia was a very popular place among honeymoon couples coming from Japan and at our Sydney office we were mainly working for clients coming from Japan. On the other hand, on the business for taking care of Australian visitors to Japan, it was mainly for businessmen on working trips and not for the sort of tourists visiting Japan today, such as those going to ski at Niseko Ski Resort in Hokkaido or traveling around Japan with their family using the Japan Rail Pass.

My second stay in Sydney was for seven years from 2004 until



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2011 and I came back to Japan at the end of March 2011 right after the Great East Japan Earthquake on March 11. During my second stay, the number of customers from Japan to Australia decreased significantly and ANA left Australia, while Qantas and Japan Airlines (JAL) kept only Sydney-Japan flights. Only a few LCC (Low Cost Carrier) flights by Australian Air were maintained. My work during this period was drastically changed from that during my first stay with a shift from Japanese customers visiting Australia to Australian customers coming to Japan. We acquired the outbound business department of the Australian subsidiary of

JALPAK, the tourism business company of JAL, and aimed to be the largest Australian tourism business in dealing with travel from Australia to Japan.

After coming back to Japan in 2011, I was stationed in Kyoto, being assigned to the Inbound Business Department. There I worked on inbound business taking care of foreign tourists coming to Japan.

But in that spring of 2011, we had very few foreign tourists even during the cherry blossom season in Kyoto, since it was immediately after the earthquake and tsunami disaster and there were concerns about possible nuclear contamination from the crippled Fukushima nuclear power plant.

Since coming back to the headquarters of JTB, I became the director of Japan Inbound Business Marketing that was founded in April 2016. Until then, the section working on inbound business was only one of the sections in the global business department, but with predictions of the rapid expansion in inbound business, JTB decided to make this section independent to strengthen its functions in 2016.

Rapid Increase in Inbound Tourism & Positive Developments for Economy

JS: Foreign tourists visiting Japan finally exceeded 20 million per year recently and I guess it will probably be possible to exceed 40 million by 2020, the year of the Tokyo Olympics and Paralympics. Why do you think inbound tourism to Japan is increasing more rapidly than our expectation?

Nakashima: Of course, the Tokyo Olympics and Paralympics in 2020 should speed up the increase in inbound tourism, but this is not the only reason. Another reason is the wide range of deregulations firmly implemented to increase inbound tourism. Furthermore, while in competition with South Korea or Taiwan, the JNTO and the private tourism business in Japan have collaborated closely and done their best to promote the values of Japanese tourism, such as safety, security, scenic beauty, unique culture, etc. by setting up large booths at travel exhibitions all over the world.

JS: Do you think it will be easy to exceed the 40 million mark soon? And then do you think it will be difficult to reach 60 million per year at the next stage?

Nakashima: I think even 40 million will be difficult to achieve. We have a shortage of hotel facilities here in Japan. However, if we attract tourists to local venues, this would assist with meeting this target. Another issue would be for how long foreign tourists' need for a tour in Japan will continue to increase. If we can have an optimistic forecast on these points, I guess we could most likely have 40 million tourists per year either in 2020 or 2021.

In thinking about the feasibility of reaching 60 million tourists per year, we would need to think about the gap between Japan and a country like France which has 80 million tourists per year. While tourists can go to France by car or train as well as by air or ship, tourists to Japan, an island country, always have to use planes or ships. It would be a wonderful target to have 60 million tourists per year, as it would encourage further deregulation to promote tourism by local governments. But whether it is possible to achieve that goal is a different story. I think there must be issues and impediments to



be overcome which go beyond our thoughts in pursuing 40 million tourists as a goal. I myself cannot imagine this number being achieved in reality, though I may be used to the occasions when we had far fewer tourists in Japan around 2011. I think, first of all, to achieve 60 million tourists, we would need to fix a variety of infrastructure impediments such as transportation, including railways and buses, hotel facilities and the scale of airports.

JS: Many foreign tourists seem to believe they would have stress in a Japanese-style hotel and want to see more foreign company-affiliated hotels in Japan. Do you share this view?

Nakashima: Not necessarily. Westerners who are used to sleeping in beds previously did not quite like sleeping in tatami rooms on Japanese futon, but now such Japanese customs are beginning to be accepted. Many of them would find it an experience that they would not be able to have in their own country.

JS: JTB's preceding company, the Japan Tourist Bureau, was started as a business to attract foreign tourists to Japan. In the light of this history, is inbound business an important mission for JTB?

Nakashima: Yes, certainly it is. The Japan Tourist Bureau was founded in 1912 and its mission then was to host customers coming from overseas. By 1914 they already had 30 overseas offices working on this mission. After it was transformed into JTB, the section dealing with the inbound tourism business worked as the Department of the International Tourism Business. In 2004, this section was separated from JTB and started working as an independent specialist company, "JTB Global Marketing & Travel" on inbound business. Since then we have had no section working on inbound business in JTB Headquarters, but in 2016 we established the Department of Japan Inbound Business in JTB and thus with this

department at the center of JTB inbound business, all the international and domestic offices, and our affiliated companies are able to collaborate with each other. With this consolidated system, we set up a business strategy and long-term vision for the inbound business of the whole JTB group and under this strategy and vision, we would be ready to respond to the increasing needs of inbound tourists.

The JTB Way & Services for Foreign Tourists

JS: You call your business mission “The JTB Way”. Could you please explain it?

Nakashima: Yes. We have the following commitment to our customers. We want to bring them satisfying and joyful experiences through the creation of opportunities that provide multicultural exchanges and understanding of people, nature, culture, and history in the global environment based upon our 100 years of serving customers. We believe that our business is essentially multicultural exchange and the JTB Way shows what we are pursuing as an ultimate business goal.

JS: Is there any difference between service for foreign tourists and for Japanese?

Nakashima: No, I do not think there is much difference between the two. If there is, it would be that our service for Japanese tourists would be provided according to different categories of tourists. We would make a leaflet for travel plans in line with the needs of the Japanese tourists, while we do not have such differentiated travel plans by category, such as honeymoon couples, elderly people, or families, for foreign tourists. However, in the case of the latter, our service is customized. For example, in the case of family travel, there may be a request from foreign customers to reserve a connecting room for the whole family to be close, and we could meet their request by providing such a room. For Japanese customers, the information of connecting rooms would be given to the traveling family in advance in our leaflet for the category of family tourists. Thus, whether customized to each individual tourist's needs or provided by category of tourists, the contents of our service depending upon the customers' needs would be the same.

In talking about the service for foreign customers, I have an interesting story for you. When I was working in Australia, I was involved in the presentation of our tours to Japan to elderly people once a month during a weekend. Most of the customers then were retired people. I asked them why they came to listen to our presentation. They told me that they had concerns about visiting a country where they could not understand the language at all and they thought our presentation could assure them of safety and security in going there without any knowledge of the Japanese language. As a matter of fact, they wanted to hear about our guided tours with an interpreter, since they could not understand Japanese. Though there

are some who would prefer an individual trip coordinated by themselves spontaneously rather than an arranged group tour provided by a tourism agency, there is a strong need for guided tours. Therefore, you can find on the first page of our tour leaflet for Australians information about a full guided package tour at a price of US\$8,000-9,000. Although it is so expensive, it is still very popular.

JS: What are the needs of such elderly Australians joining a guided tour in Japan?

Nakashima: I think they are somewhat similar to elderly Japanese tourists' needs. Our guided tours are well planned to offer in-depth contact with local areas' indigenous nature or culture. For example, in our tour to Hokkaido, we visit primeval flower gardens and some of Hokkaido's indigenous nature. We are not just seeing them but we also listen to a Hokkaido University professor's presentation on them with some interpretation. There are also programs for attending pottery classes, or having lunch or dinner in a temple or shrine. Elderly Japanese people would follow a similar travel plan to this and would also appreciate in-depth contact with local regions' indigenous nature and culture rather than just visiting the tourist spots on a trip to Europe, for example.

JS: I have heard JTB was attracting foreign tourists to join domestic tours originally arranged for Japanese tourists. But in light of the increasing number of foreign tourists joining domestic tours, you are now developing new tour packages in which their needs are well reflected. Could you explain the details of this service?

Nakashima: Among our package tours, there is one for domestic tourists by bus with a tour conductor. As trips by rent-a-car prevail among Japanese tourists, we have started to see applications for this tour from foreign tourists. According to a tour conductor in this package tour, the Japanese tourists and the foreign tourists start conversations in a broken language and make friends with each other and thus a cultural exchange is born in the bus.

We did not have any applications for our domestic package tours from foreign tourists previously, but now I believe there is certainly a need for them. Thus, we have finally made new-tour packages to meet their needs.

JS: Do you have any other ideas for the enjoyment of foreign tourists?

Nakashima: Yes. There is a bus tour all over Japan for mainly Latin American tourists. The company running it is a Spanish company named Europamundo that used to organize bus trips for Latin American tourists in Europe. JTB acquired this company and is now trying to apply their business model from Europe to their trips in Japan and Asia. In Japan, we had an 11-month trial from May 2016

to March 2017 and gained a good reputation. Then we launched it officially in April 2017. One of the attractive points of this tour is that the participants can enjoy a tour conductor's entertaining performance. This high-quality human service makes this tour very popular and persuades some customers to join the tour again, even though it may be expensive.

JS: This tour is going to South Korea as well?

Nakashima: Yes. One of the tour packages for this program is a travel plan going through Kyoto, Hiroshima, Yamaguchi, Fukuoka and reaching Busan by cruise ship and eventually going to Seoul. As our customers are coming from Latin American countries, far away from Japan, we should provide them with a full opportunity to take advantage of this trip and visit Japan's neighboring countries as well. We should note that European tours in which people visited several countries in a week were very popular in Japan. In 2018 we are planning to organize a tour through the Japanese regions of Hokkaido, Tohoku, Hokuriku, Shinshu, Kinki, Chugoku, and Shikoku with visits to South Korea and China as well. Europamundo had been working on tours for people from Latin American countries to Europe for a long time and thus has experience and competency in organizing such international trips. So we believe that we can eventually cover Southeast Asia as well in our package tour.

Collaboration with Japanese Local Tourism Business

JS: Making interesting tour contents in collaboration with local people would be very important for promoting tourism. What do you think?

Nakashima: We are always searching for potential tourism resources in local regions with the help of our tourism development producers. However, I think there is another way to explore the attractions of local regions, and that is a program for exchanges between the tourists and the local people. One such program is a group tour for students. We have an exchange program between foreign students on a school trip to Japan and the students in the region they are visiting. Such school trips for visiting foreign countries and learning about their culture are today increasing everywhere.

Once I was asked by an Australian school teacher to make a plan of educational travel to Japan for students and also to join a meeting to present this plan to the parents. I was a bit surprised to see the parents were all interested in the trip. Eventually, this plan ended up in a big tour of two buses for 30 students and 30 parents. Such an educational trip would be truly productive, since these human exchanges could create long-lasting relations between the students and their countries.

JS: There is a Japanese inn called "Ryokan Sawanoya" so popular among foreign tourists in one



of the downtown areas of Tokyo called Yanaka. Twenty years ago, there were many foreign tourists with suitcases around Nezu station near Yanaka looking for this inn. The older residents who had lived there a long time showed them how to find this inn. This was a small cultural exchange and it certainly produced good human relations. It is a pity that such humane scenes are now disappearing due to the prevalence of smartphones which can show a lost tourist the way to the inn. Human exchange is certainly an important element of any trip.

Nakashima: Yes, it is indeed. Niseko Ski Resort in Hokkaido is very popular among Australians not only because they can ski there but also because they can enjoy talking with Japanese skiers at a tavern where an English menu is available. We will do our best to develop such human exchanges in our business planning.

JS: Today personal trips are increasing rather than group tours, since many more people can travel as they become wealthier. In these circumstances, your ideas for developing a wide range of programs for inbound tourists would help expand your business opportunities as well as meeting the public policy need to increase inbound tourism.

Nakashima: Yes, but this is not the only way to promote our business. Of course, we are working as an online travel agent for customers reserving air tickets or hotel facilities. But I would like to stress that more importantly we need to explore new markets by region by implementing the strength of the JTB group, which is that we have branch offices all over Japan. We should consolidate our ties with each local region to attract foreign tourists to each locality. This mission could result in big business, I believe. **JS**

Written with the cooperation of Naoko Sakai who is a freelance writer.